



# | States Assembly

States Greffe

Deputy Ian Gorst  
Minister for Treasury and Resources

Deputy Elaine Millar  
Minister for Social Security

***BY EMAIL***

17<sup>th</sup> August 2022

Dear Ministers,

**Corporate Services Scrutiny Panel**

**Mini Budget Review**

Following discussions at the Panel's meeting yesterday in relation to its review of the Mini-Budget (P.80/2022) and considering the information that has already been shared with the Panel on the proposition, the Panel has drafted questions which have been appended to this letter for a response in writing from the Minister for Treasury and Resources and Minister for Social Security in respect of their specific remits.

The Panel would appreciate to receive a written response to its questions by no later than close of play on **Wednesday 24<sup>th</sup> August 2022**. It is the Panel's intention to publish any response received on the States Assembly website to inform its review. Dependent on the response it receives, the Panel may wish to include follow up questions on the areas during its joint public Review Hearing on 30<sup>th</sup> August 2022.

Yours sincerely

Deputy Sam Mézec  
**Chair**  
**Corporate Services Scrutiny Panel**

## Written Questions

### Measures a) to e) in [P.80/2022](#)

- (a) increasing the personal income tax thresholds and allowances by 12% above the 2022 thresholds and allowances, in accordance with the Table in Appendix 2 of the report accompanying the proposition, to take effect for the year of assessment 2023;*
- (b) temporarily reducing by 2 percentage points Class 1 and 2 social security contributions for the period 1st October 2022 to 31st December 2022, comprising a reduction, in respect of earnings below the standard earnings limit (SEL), from 6% to 4% for the Class 1 employee contribution rate, and from 12.5% to 10.5% for the Class 2 contribution rate;*
- (c) doubling the value of the Community Costs Bonus for 2022 by increasing the value of the bonus from £258.25 to £516.50.*
- (d) setting a fixed value at £70 per month for the Cold Weather Bonus and Cold Weather Payments, regardless of temperature, for the winter months (October 2022 to March 2023 inclusive); and*
- (e) postponing the commencement of the obligation for offshore retailers to register under the Goods and Services Tax (Jersey) Law 2007 from 1st January 2023 to 1st July 2023.”*

1. For the measures a) to e) in [P.80/2022](#), can you please provide the following detail:

- I. The supporting analysis data/evidence/modelling used to develop the measures.
- II. The cumulative financial impact of the measures on Islanders.
- III. Whether the potential inflationary pressures resulting from the measures will be evaluated and, if so, how?
- IV. The distributional impact of the measures including the breakdown of how much of the proposed £56 million in funds will go to each income decile of Jersey society.
- V. Any trade-offs that have been identified as a result of the measures.
- VI. How households at different ends of the income scale will benefit from the measures, both in absolute and relative terms. Including with consideration for working-age Islanders receiving income that is:
  - below the tax threshold (therefore exempt)
  - taxed at the marginal rate
  - taxed at the full rate

2. Please provide the up-to-date figures/percentages of working-age Islanders that are taxed:

- below the tax threshold (therefore exempt)
- at the marginal rate

- at the full rate

3. What is the impact of the measures on these groups:

- Low-income families
- Families who fall on the cusp of being exempt from taxation and the lowest income taxation threshold
- Those eligible for the Community Cost Bonus
- Pensioners

4. What impact will measure a) - increasing the personal income tax thresholds and allowances by 12%, have on the poorest Islanders? Please provide evidence to corroborate your reasoning.

5. Please outline the funding implications of the measures on government funds, for the immediate to longer term. (e.g., on the Social Security Fund)

6. What consideration has been given to potential alternative measures to those that have been proposed? (e.g., relative reduction in tax burden as opposed to increasing universal cash benefits)

- Can you outline the alternative measures, if any, that were considered as part of the development process of the mini budget and, where they were not carried through in P.80/2022, the reasoning for this?
- Will any alternative measures be proposed in another context, for example as part of the Government Plan 2023 – 26 and, if so, what measures are being considered?

7. What modelling, if any, has been done on any alternative set of changes to taxation other than what has been proposed in the mini-budget? Please provide the supporting analysis data in that regard.

8. When developing the measures, what consideration was given to any further inflationary increases, beyond the levels where the increase of income tax allowance of 12% is anticipated to provide appropriate support. For example, the measures that may seem appropriate in the immediate context, may not provide the appropriate support in the medium to longer term, should the RPI continue to rise and peak in 2023 at a level higher than the accommodated for 'above inflation increase of 12%'?

- What impact will this have on Islanders?
- What impact will this have on the budget measures?

9. How will Islanders that are unable to work be supported through the proposed mini-budget measures?

- What analysis has been undertaken to appropriately identify how support through social security measures is reaching the Island groups that require the assistance.
- Have any gaps been identified and, if so, how will any identified gaps be addressed to assure all Islanders who require support receive it.
- How many Islanders will the funds available through the COLTS scheme support and which groups will it support?

10. Figures given by the previous social Security Minister in answers to WQ.54/2021 and WQ115/2022 reveal that failure to fully index the components of those who cannot work and therefore are dependent on only the adult and household components of Income Support meant that they were £11.24 per week worse off in 2021 than in 2014. How will the measures assist those Islanders within this group?
11. It is noted that the Community Cost Bonus is currently only claimed by 1000 Islanders, however, it is anticipated that 7000 Islanders will come forward to claim the benefit. To date, why have the 7000 Islanders not been informed of their eligibility for this benefit and thus the support available to them? How has the assumption of 7000 Islanders been identified?
12. With regard to the proposed reductions in social security contributions what impact does the model have across the different income levels? Please provide data to corroborate your reasoning (For example - will Islanders receiving the lowest incomes receive the least benefit?)
13. What analysis, if any, has been undertaken to identify the impact of the measures on income inequality. Please provide data to corroborate your reasoning. For example, Will the proposed measures increase income inequality rather than reduce it?
14. What consideration, if any, has been given to the increasing mortgage interest rates and the impact of this on taxation figures through interest tax relief provided? Has this been considered as part of the process to develop the proposed measures and, if so, how?
15. What analysis has been carried out to identify how much of the monetary support provided through the mini budget proposals will potentially be passed on to landlords as a result of increasing housing costs? Has this been considered and, if so, how?
16. Has Island Energy been approached to gauge any potential increases on gas prices going forward and, if so, what were the outcomes?
  - I. What consultation has been undertaken with other utilities companies regarding price increases?
17. With regard to the impact of inflation on food, not all food types will incur the same level of inflation. What analysis has been done to determine the types of foods rising in cost and the impact on different groups in society as a result?
18. Why has the Minister not decided on a rise to an above RPI to increase pensions to match proposals for other benefits, on a temporary basis?
19. Please provide the detail of those Islanders claiming a full pension and those claiming a part pension.
  - II. What will the weekly increase as a result of the 7.7% uplift to pensions be for Islanders claiming a part pension?

20. Paragraph 17 of the proposition points out that the average reduction in contributions is around £57 monthly or £171 per quarter. Will the minister explain where these figures are to be found?
21. Were the social security contribution figures also examined alongside the available statistics for Relative Low Income (RLI) either in quintiles or deciles. For example, Jersey has more pensioners in RLI than the UK – has this been considered when assessing the level of cost-of-living support required by Islanders?
22. What consideration, if any, has been given to the impact of the support measures on the longer-term impact on the system. What consideration has been given to the fact that the support can not just be 'written off' as once it is in the system, a high RPI will remain in the system and although the rate of change in the RPI may go down the impact will remain for the longer term. How will this impact be appropriately accommodated?